

VZCZCXRO6585
RR RUEHLH RUEHPW
DE RUEHKP #0222/01 1950843
ZNR UUUUU ZZH
R 140843Z JUL 09
FM AMCONSUL KARACHI
TO RUEHC/SECSTATE WASHDC 1150
INFO RUEHIL/AMEMBASSY ISLAMABAD 0610
RUEHLH/AMCONSUL LAHORE 2747
RUEHPW/AMCONSUL PESHAWAR 4630
RUEHLO/AMEMBASSY LONDON 0340
RUEHNE/AMEMBASSY NEW DELHI 1892
RUEHBUL/AMEMBASSY KABUL 0298
RUEAIIA/CIA WASHDC
RUMICEA/USCENTCOM INTEL CEN MACDILL AFB FL
RUEKJCS/SECDEF WASHINGTON DC
RHEHAAA/NSC WASHINGTON DC
RHMFISS/JOINT STAFF WASHINGTON DC

UNCLAS SECTION 01 OF 02 KARACHI 000222

SENSITIVE
SIPDIS

E.O. 12958: N/A

TAGS: [PGOV](#) [PGOV](#) [PHUM](#) [PK](#)

SUBJECT: SINDH/KARACHI: LOCAL GOVERNMENT TO BE DISSOLVED

11. (SBU) Summary: Prime Minister Gilani's announcement that Local Government (LG) will be dissolved in August and Administrators appointed, with the understanding that the government will hold elections when the law and order situation permits, has changed the political landscape in Karachi and Sindh Province. The Muttahida Qaumi Movement (MQM) does not expect elections will actually be held within 90 days, as stipulated under the Constitution. Local Pakistan People's Party (PPP) politicians describe the present local governance system as unworkable, due to its five-tiered structure and the overlaps between the powers of the local and provincial governments. MQM wants the system to continue, albeit with some changes - unsurprisingly, as it is a major stakeholder in the system, controlling the governments of both Karachi and Hyderabad. End Summary.

12. (SBU) With Prime Minister Gilani's announcement that Local Government will be dissolved in August and Administrators appointed, political parties have begun to jockey for position. Shahla Raza, Deputy Speaker of the Sindh Assembly and a PPP member, told post that the government wants to hold free and fair elections for the local bodies, however the MQM wants assurances that it will be allowed to form the next local government of Karachi with its own Nazim (Mayor). The PPP wants changes in the Sindh Local Government Ordinance of 2001, including the restoration of the magisterial powers for Commissioners, but MQM opposes these proposed changes.

13. (SBU) Shahla described the present system of local government, where the City District Government of Karachi (CDGK) is more powerful than the Sindh Provincial government, as unworkable. She also noted that not a single PPP worker has been given a job in the (MQM-led) Karachi city government. Any development project initiated by a PPP minister faces obstacles from the city government, which may refuse to provide water and No Objection Certificates (necessary to start any project). Shahla related how MQM ministers bluntly told her that development projects will bring votes in the next elections, and that MQM cannot afford to lose its voter base. She said MQM intends to retain control of the PKR 52 billion budget of the Karachi City Government, noting that it has refused any auditing of CDGK funds.

14. (SBU) Agha Siraj Durrani, Sindh Minister for Local Government and PPP member, reiterated to post the government's resolve to hold elections after amendments to the local government system have been completed, but confirmed that the appointment of Administrators is a legal requirement prior to elections. He noted that, at present, the five levels of government in the province (Union Council, Town, District, City and Provincial Government) creates confusion, and needs to be clearly defined. Durrani also wants the Administrators to be granted magisterial powers to check consumer prices, and to maintain law and order.

¶5. (SBU) The MQM has not yet put to the government its proposed changes in the local government system. Faisal Sabzwari, Deputy Parliamentary Leader of the MQM in the Sindh Assembly, told post the MQM wants Executive District Officers (EDO) and District Coordination Officers (DCO) to be granted magisterial powers to control the prices of staple goods. Police should come under the Nazim in order to control law and order more effectively. In one area of agreement, both MQM and PPP agree on holding the elections on a party basis.

¶6. (SBU) Sabzwari and three MQM members of the Sindh Provincial Assembly told post the Local Government laws need some modification, but that overall it is a good system. Positive results have been achieved in Karachi and Hyderabad, and in other towns with good mayors. The MPAs also called for adequate compensation for the councilors, in order to reduce corruption. They complained that some Union Councils are either too small or too large, and need to be adjusted. The current demarcation of Karachi into eighteen towns needs to be reorganized to make them more administratively practical.

¶7. (SBU) Sabzwari said the MQM wants local governments to be fiscally autonomous from the provincial and federal governments. He said that current development funds for the City District Government of Karachi have been frozen, and future allocations reduced by 30%-40%.

¶8. (SBU) Sabzwari expressed doubts that the elections will be held, as (according to him), PPP has never conducted local body elections when it has been in power. He is concerned about "managed" polls,

KARACHI 00000222 002 OF 002

especially in rural Sindh, noting that vote rigging had occurred previously under former Chief Minister Arbab Rahim.

¶9. (SBU) Comment: The MQM, if it perceives that these changes may cause it to be weakened in its Karachi power base, may react by creating civil disturbances. Alternatively, it could destabilize the provincial and federal government by threatening to quit these coalitions. The present system of local government functions well in the sense that it devolves power to the grass roots, but all analysts agree that it needs changes, and that the division of power between provincial and local governments needs to be more clearly defined.

FAKAN